

Message Text

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13
ACTION EUR-12

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FM AMEMBASSY LONDON
TO SECSTATE WASHDC 0582
INFO AMEMBASSY BONN
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AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION EC BRUSSELS
USMISSION NATO BRUSSELS
USMISSION OECD PARIS
AMCONSUL BELFAST
AMCONSUL EDINBURGH

C O N F I D E N T I A L LONDON 05424

E.O. 11652: GDS
TAGS: PINT, PGOV, UK
SUBJECT: STONEHOUSE STRIKES AGAIN

REF: (A) LONDON 16764 - '75; (B) LONDON 5399

1. RENEGADE LABOR MP JOHN STONEHOUSE -- SCHEDULED TO
STAND TRIAL LATER THIS MONTH ON 13 COUNTS OF FRAUD ARISING
FROM HIS QUESTIONABLE BUSINESS DEALINGS AND "DISAPPEARANCE"
(REF A) -- TOSSED A SPANNER IN THE GOVERNMENT'S
PARLIAMENTARY WORKS APRIL 7, ADDING TO PRIME MINISTER
CALLAGHAN'S POLITICAL PROBLEMS. STONEHOUSE PUBLICLY ANNOUNCED
THAT HE HAD RESIGNED THE LABOR PARTY WHIP AND IN
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FUTURE WOULD VOTE AS INDEPENDENT. HE TOOK THIS ACTION IN

RESPONSE TO HIS CONSTITUENCY PARTY'S RECENT FORMAL DECISION TO DISMISS HIM AS ITS CANDIDATE, A STEP THAT WAS FULLY SUPPORTED BY TRANSPORT HOUSE.

2. GOVERNMENT CHIEF WHIP'S OFFICE TOLD EMBOFF THAT IT HAD NO "OFFICIAL" NOTICE OF STONEHOUSE'S ACTION AND WOULD CONTINUE TO REGARD HIM A MEMBER OF PARLIAMENTARY LABOR PARTY (PLP) UNTIL FORMAL RESIGNATION RECEIVED. ONCE THAT OCCURS, STONEHOUSE WOULD BE DROPPED FROM PLP ROLLS. THIS WOULD IN THEORY ELIMINATE LABOR'S OVERALL MAJORITY IN COMMONS, BUT ITS FULL IMPACT MAY BE LIMITED BY CIRCUMSTANTIAL FACTORS. LOSS OF MAJORITY WOULD NOT AFFECT MAKE-UP OF STANDING COMMITTEES OR OF SELECT COMMITTEES ALREADY APPOINTED. OUTLOOK AS REGARDS FUTURE SELECT COMMITTEES IS UNCLEAR. WHILE LABOR WOULD TECHNICALLY LOSE ITS RIGHT TO MAJORITY STATUS, MAKE-UP OF COMMITTEES IS ACTUALLY DETERMINED BY COMMITTEE ON SELECTION WHERE LABOR, FOR PROCEDURAL REASONS, CURRENTLY ENJOYS TWO SEAT MAJORITY. MOREOVER, BY PREVIOUS AGREEMENT WITH CONSERVATIVES, SELECT COMMITTEES HAVE ODD NUMBER OF MEMBERS, THUS PRECLUDING STRAIGHT GOVERNMENT/OPPOSITION DEADLOCK. GOVERNMENT WILL SEEK TO MAINTAIN CONTROL OF SWINQ SEAT. IF THIS TACTIC SHOULD PROVOKE SERIOUS CONSERVATIVE RESISTANCE, GOVERNMENT WILL REPORTEDLY SEEK TO HOLD TWO SEATS FOR MINOR PARTIES AND RELY ON CAREFUL SELECTION OF COMMITTEE MEMBERS TO ENSURE SUPPORT FOR ITS LEGISLATIVE PROPOSALS.

3. COMMENT: THIS IS ONE PROBLEM PRIME MINISTER CALLAGHAN REALLY DIDN'T NEED AT THIS TIME, FOLLOWING LOSS OF LABOR MP BY DEATH (REF B). STONEHOUSE RESIGNATION, IF IT BECOMES OFFICIAL, WILL DIMINISH GOVERNMENT'S WORKING MAJORITY (ROUGHLY 8 TO 10 SEATS) AND PLACE ITS CONTROL OF COMMITTEES IN JEOPARDY. THE GOVERNMENT STRATEGY OUTLINED ABOVE APPEARS SOUND AND SHOULD WORK IN MOST CASES. NEVERTHELESS, THIS SITUATION WILL INCREASE UNCERTAINTIES, ENHANCE BARGAINING POWER OF MINORITY PARTIES, AND MAKE GOVERNMENT WHIP'S ALREADY TRYING TASK EVEN MORE DIFFICULT. SINCE STONEHOUSE TRIAL AND ANTICIPATED APPEAL, IF HE IS CONVICTED, WILL PROBABLY TAKE SEVERAL MONTHS, NO

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RESPIRE IS IN SIGHT -- IF STONEHOUSE IS CONVICTED, HIS SAFE LABOR SEAT WILL BE VACATED AUTOMATICALLY AND BY-ELECTION HELD, BUT PLAY OUT UNLIKELY TO BE COMPLETE BEFORE AUTUMN.

ARMSTRONG

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